



# Alpha Pyrenees Trust

Half year report

For the six months ended 30 June 2017

2017

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Alpha Pyrenees Trust Limited (“the Trust”, “the Company” or “the Group”) invested in higher-yielding properties in France and Spain, focusing on commercial property in the office, industrial, logistics and retail sectors let to tenants with strong covenants. The Trust is pursuing an orderly realisation of its remaining property assets and has the support of its lender in this process.

### Dividends

The Trust does not pay dividends.

### Listing

The Trust is a closed-ended Guernsey registered investment company which has been declared under the relevant legislation to be an Authorised Closed-Ended Collective Investment Scheme. Its shares are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange.

### Management

The Trust's Investment Manager is Alpha Real Capital LLP (“the Investment Manager”). Control of the Trust rests with the non-executive Guernsey-based Board of Directors.

### ISA/SIPP status

The Trust's shares are eligible for Individual Savings Accounts (ISAs) and Self Invested Personal Pensions (SIPPs).

### Website

[www.alphapyreneestrust.com](http://www.alphapyreneestrust.com)

## Chairman's statement

The Investment Manager has been focused on achieving asset sales to support the settlement of the bank borrowings which mature on 31 October 2018. The Board notes the progress achieved on this front during the period with the sale of a further two properties in France at prices totalling £4.7 million (€5.5 million) with the net proceeds being used to partially repay bank borrowings. The Investment Manager is focused on achieving an orderly realisation of the Trust's remaining three property assets, one of which is located in France and two in Spain, in a consensual manner in accordance with a formal agreement with Barclays Bank PLC ("Barclays"). To further this process the Investment Manager continues to undertake active asset management within the remaining portfolio with particular emphasis on the letting of vacant units to enhance property income and the marketability of the property.

### Going concern

During the period, the Board has made further progress in the planned orderly realisation of its investment properties and subsequent repayment of the bank borrowings. The maturity date of the remaining bank borrowings is 31 October 2018. The Trust has the support of its lender for an orderly realisation of its remaining three investment properties with a view to winding up the Trust's group in due course. The accounts are therefore not prepared on a going concern basis.

### Results and dividend

Results for the period show a consolidated loss for the six months of £6.4 million (loss of 5.5 pence per share). Losses comprise operating losses incurred on the remaining three properties, losses on their revaluation, losses on the disposal of investment properties and finance charges.

The Trust does not pay dividends.

### Revaluation and Net Asset Value

Investment properties held for sale are included in the consolidated balance sheet at a valuation of £9.8 million (€11.1 million) as assessed by the independent valuer. As at 30 June 2017, the net asset value per ordinary share is negative 57.2p (31 December 2016: negative 50.2p). The movement primarily reflects the loss in the period and adverse foreign exchange effects.

### Finance Commentary

Following net repayments in the period of £5.2 million (€6.1 million), as at 30 June 2017 the Trust had principal borrowings of £75.4 million (€85.8 million) under its facilities with Barclays.

The current interest rates will continue to apply to the facilities until maturity and the 2% extension fees (per annum pro-rated), charged on the initial and all extensions up to 15 April 2016, are deferred to the maturity date and will be payable to the extent that the Trust has sufficient cash funds at that time. No additional fee was charged on the latest extension to 31 October 2018.

There is a cash-pooling arrangement over the Trust's cash flows from the remaining property portfolio to provide further security against the loan but still providing the Trust with working capital for its operations.

Formal marketing of the Trust's remaining properties is ongoing and the results of the marketing process to date indicate that, although there is no certainty that transactions will take place, if they do, the prices achieved are most likely to be lower than the valuation at 30 June 2017. The Trust will provide further updates on progress in due course.

As the Board has previously stated, the sales process will not result in any return to ordinary shareholders after repayment of the Trust's bank borrowings, to the extent that this is possible, has taken place.

### Audit director's extension

The external auditor is required to rotate the audit engagement director responsible for the Group audits every five years. In certain circumstances where there has recently been, or will soon be, a substantial change to the entity's business it is permitted under the FRC's Ethical Standard to extend that tenure by up to two years in order to safeguard audit quality.

Due to the ongoing orderly realisation of the Trust's investment property with the view of winding up the Group in due course, the Board has determined, with the agreement of BDO Limited, that it was appropriate for the current audit engagement director to continue with his role for these interim financial statements. This was determined on the basis of his detailed understanding of the operations and systems of the Group which we believe are important at this time.

In the event that the Group is not wound up prior to 31 December 2017, the Board with the agreement of BDO Limited have agreed that the current audit engagement director will remain in place for the 31 December 2017 audit.

**Serena Tremlett**  
Chairman

17 August 2017

## Property review

### Portfolio overview

The Trust owns one property in France (St Cyr L'Ecole) and two properties in Spain (Alcalá de Guadaíra and Écija) totalling approximately 17,990 square metres (approximately 193,600 square feet) of commercial real estate. While the properties are generally well located and offer good value accommodation to occupiers, the properties suffer from weak tenant demand at the present time coupled with a high level of vacancy.

The valuation of the three property portfolio as at 30 June 2017 was £9.8 million (€11.1 million).

### Property Sales

On 30 March 2017 and 23 May 2017 respectively, the Trust sold its properties located at Champs sur Marne and Ivry-sur-Seine in France totalling approximately 13,350 square metres for £4.7 million (€5.5 million).

These sales form part of the orderly realisation process supported by the Trust's lender, Barclays, and the net proceeds from these sales have been used in the reduction of the Trust's bank borrowings.

The remaining properties held by the Trust are being actively marketed and the Trust will provide further updates on the results of the marketing process in due course.

### Paul Cable

For and on behalf of the Investment Manager  
17 August 2017

## Principal risks and uncertainties

The principal risks and uncertainties facing the Group can be outlined as follows:

- The Group's existing borrowing facilities with Barclays Bank PLC terminate on 31 October 2018. In order to enable repayment of the bank borrowings, to the extent possible, the Group has agreed with its lender to pursue an orderly realisation of its investment properties, which are being actively marketed. The Board is of the view that there will not be any value to return to ordinary shareholders after repayment of bank borrowings.
- Rental income and the fair value of investment properties are affected, together with other factors, by general economic conditions and/or by the political and economic climate of the jurisdictions in which the Group's investment properties are located.

The Board believes that the above principal risks and uncertainties would be equally applicable to the remaining six month period of the current financial year.

## Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge:

- the unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union; and
- the unaudited half year report meets the requirements of an interim management report, and includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six month period of the financial year; and their impact on the interim condensed consolidated financial statements; and a description of the principal risks and uncertainties of the remaining six months of the year; and
  - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six month period of the current financial year and that have materially affected the financial position or performance of the Group during the period.

The Directors of Alpha Pyrenees Trust Limited are listed on page 14 and have been Directors throughout the period.

By order of the Board

**Serena Tremlett**

**Chairman**

17 August 2017

## Independent review report

### To Alpha Pyrenees Trust Limited

We have been engaged by the Company to review the condensed consolidated set of financial statements in the half year report for the six months ended 30 June 2017 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and the related notes 1 to 10. We have read the other information contained in the half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### Directors' responsibilities

The half year financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed consolidated set of financial statements included in this half year financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated set of financial statements in the half year report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the half year financial report for the six months to 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### Emphasis of matter – going concern

We draw attention to the disclosures made in note 2 of the condensed consolidated set of financial statements which explain that it is the intention of the Board to seek an orderly disposal of the Group's investment property with a view to winding up the Group in due course. As a consequence, the condensed consolidated set of financial statements has therefore been prepared on a basis other than that of a going concern.

*BDO Limited.*

**BDO Limited**  
**Chartered Accountants**

Place du Pré, Rue du Pré, St Peter Port, Guernsey  
17 August 2017

## Condensed consolidated statement of comprehensive income

	Notes	For the six months ended 30 June 2017 (unaudited)			For the six months ended 30 June 2016 (unaudited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Income</b>							
Revenue	3	304	-	304	583	-	583
Property operating expenses		(407)	-	(407)	(688)	-	(688)
<b>Net rental expense</b>		<b>(103)</b>	<b>-</b>	<b>(103)</b>	<b>(105)</b>	<b>-</b>	<b>(105)</b>
Losses on disposal of investment properties	5	-	(2,170)	(2,170)	-	(1,356)	(1,356)
Losses on revaluation of investment properties	5	-	(949)	(949)	-	(1,985)	(1,985)
Expenses							
Investment Manager's fee		(440)	-	(440)	(426)	-	(426)
Other administration costs		(193)	-	(193)	(487)	-	(487)
<b>Operating loss</b>		<b>(736)</b>	<b>(3,119)</b>	<b>(3,855)</b>	<b>(1,018)</b>	<b>(3,341)</b>	<b>(4,359)</b>
Finance income		-	51	51	-	-	-
Finance costs		(2,614)	-	(2,614)	(2,761)	(58)	(2,819)
<b>Loss before taxation</b>		<b>(3,350)</b>	<b>(3,068)</b>	<b>(6,418)</b>	<b>(3,779)</b>	<b>(3,399)</b>	<b>(7,178)</b>
Taxation		-	-	-	-	-	-
<b>Loss for the period</b>		<b>(3,350)</b>	<b>(3,068)</b>	<b>(6,418)</b>	<b>(3,779)</b>	<b>(3,399)</b>	<b>(7,178)</b>
<b>Other comprehensive expense</b>							
<b>Items that may be reclassified to profit or loss in subsequent periods:</b>							
Foreign exchange losses on translation of foreign operations (translation reserve)		-	(1,780)	(1,780)	-	(4,831)	(4,831)
<b>Other comprehensive expense for the period</b>		<b>-</b>	<b>(1,780)</b>	<b>(1,780)</b>	<b>-</b>	<b>(4,831)</b>	<b>(4,831)</b>
<b>Total comprehensive expense for the period</b>		<b>(3,350)</b>	<b>(4,848)</b>	<b>(8,198)</b>	<b>(3,779)</b>	<b>(8,230)</b>	<b>(12,009)</b>
<b>Loss per share - basic &amp; diluted</b>	4			<b>(5.5)p</b>			<b>(6.1)p</b>

All items in the above statement derive from operations that are being discontinued.

The accompanying notes on pages 10 to 13 are an integral part of the financial statements.

## Condensed consolidated balance sheet

	Notes	30 June 2017 (unaudited) £'000	31 December 2016 (audited) £'000
<b>Current assets</b>			
Investment properties held for sale	5	9,754	16,824
Trade and other receivables		320	685
Restricted cash	6	3,033	3,897
Cash and cash equivalents		405	1,213
		<b>13,512</b>	<b>22,619</b>
<b>Current liabilities</b>			
Trade and other payables		(946)	(1,294)
Bank borrowings	7	(4,289)	(2,889)
Liabilities directly associated with investment properties held for sale		(231)	(257)
		<b>(5,466)</b>	<b>(4,440)</b>
<b>Non-current liabilities</b>			
Bank borrowings	7	(75,347)	(77,282)
<b>Net liabilities</b>		<b>(67,301)</b>	<b>(59,103)</b>
<b>Equity</b>			
Share capital	8	-	-
Special reserve		113,131	113,131
Translation reserve		15,280	17,060
Capital reserve		(177,311)	(174,243)
Revenue reserve		(18,401)	(15,051)
<b>Total equity</b>		<b>(67,301)</b>	<b>(59,103)</b>
<b>Net asset value per share</b>		<b>(57.2)p</b>	<b>(50.2)p</b>

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 17 August 2017.

  
**David Jeffreys**  
 Director

  
**Serena Tremlett**  
 Director

The accompanying notes on pages 10 to 13 are an integral part of the financial statements.

## Condensed consolidated cash flow statement

	For the six months ended 30 June 2017 (unaudited) £'000	For the six months ended 30 June 2016 (unaudited) £'000
<b>Operating activities</b>		
Loss for the period	(6,418)	(7,178)
Adjustments for :		
Losses on disposal of investment properties	2,170	1,356
Losses on revaluation of investment properties	949	1,985
Finance income	(51)	-
Finance costs	2,614	2,819
<b>Operating cash flows before movements in working capital</b>	<b>(736)</b>	<b>(1,018)</b>
Movements in working capital:		
Movement in trade and other receivables	384	429
Movement in trade and other payables	(485)	(1,177)
<b>Cash flows used in operations</b>	<b>(837)</b>	<b>(1,766)</b>
Interest received	-	-
<b>Cash flows used in operating activities</b>	<b>(837)</b>	<b>(1,766)</b>
<b>Investing activities</b>		
Proceeds from disposal of investment properties	4,341	23,902
Restricted cash movement	950	5,903
<b>Cash flows from investing activities</b>	<b>5,291</b>	<b>29,805</b>
<b>Financing activities</b>		
Repayment of borrowings	(5,224)	(27,406)
Bank loan interest paid and costs	(52)	(1,189)
<b>Cash flows used in financing activities</b>	<b>(5,276)</b>	<b>(28,595)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(822)</b>	<b>(556)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,213</b>	<b>1,309</b>
Exchange translation movement	14	(350)
<b>Cash and cash equivalents at end of period</b>	<b>405</b>	<b>403</b>

All items in the above statement derive from operations that are being discontinued.

The accompanying notes on pages 10 to 13 are an integral part of the financial statements.

## Condensed consolidated statement of changes in equity

For the six months ended 30 June 2016 (unaudited)	Share capital £'000	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
<b>At 1 January 2016</b>	-	113,131	24,234	(166,173)	(7,566)	(36,374)
<b>Total comprehensive expense for the period</b>						
Loss for the period	-	-	-	(3,399)	(3,779)	(7,178)
Other comprehensive expense	-	-	(4,831)	-	-	(4,831)
<b>Total comprehensive expense for the period</b>	-	-	(4,831)	(3,399)	(3,779)	(12,009)
<b>At 30 June 2016</b>	-	113,131	19,403	(169,572)	(11,345)	(48,383)

  

For the six months ended 30 June 2017 (unaudited)	Share capital £'000	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
<b>At 1 January 2017</b>	-	113,131	17,060	(174,243)	(15,051)	(59,103)
<b>Total comprehensive expense for the period</b>						
Loss for the period	-	-	-	(3,068)	(3,350)	(6,418)
Other comprehensive loss	-	-	(1,780)	-	-	(1,780)
<b>Total comprehensive expense for the period</b>	-	-	(1,780)	(3,068)	(3,350)	(8,198)
<b>At 30 June 2017</b>	-	113,131	15,280	(177,311)	(18,401)	(67,301)

The accompanying notes on pages 10 to 13 are an integral part of the financial statements.

# Notes to the condensed financial statements

For the six months ended 30 June 2017

## 1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey, which has been declared under the relevant legislation to be an Authorised Closed-Ended Collective Investment Scheme. The Group comprises the Company and its subsidiaries. The Group invests in commercial property in France and Spain. The Company's functional currency is Sterling and the subsidiaries' functional currency is Euros. The presentation currency of the Group is Sterling. The period-end exchange rate used is £1:€1.138 (December 2016: £1:€1.169) and the average rate for the period used is £1:€1.162 (June 2016: £1:€1.284).

## 2. Significant accounting policies

The unaudited condensed consolidated financial statements included in the half year report for the six months ended 30 June 2017, have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated financial statements should be read in conjunction with the Group's annual report and financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are available on the Company's website ([www.alphapyreneestrust.com](http://www.alphapyreneestrust.com)).

The accounting policies adopted and methods of computation followed in these condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

The Directors considered all relevant new standards, amendments and interpretations to existing standards effective for accounting periods beginning on 1 January 2017 and determined that they will have no impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

There are a number of new standards, amendments and interpretations to existing standards that are effective for periods beginning after 31 December 2017. As disclosed in the annual financial statements for the year ended 31 December 2016, these are either not relevant to the Group or are not expected to have a significant impact given the orderly realisation of the Group's remaining three investment properties and subsequent winding up of the Group's structure.

The preparation of the interim condensed financial statements requires Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the interim condensed financial statements. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the date of the interim condensed financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

### Going concern

During the period, the Board has made further progress in the planned orderly realisation of its investment properties and subsequent repayment of the bank borrowings. The maturity date of the remaining bank borrowings is 31 October 2018. The Trust has the support of its lender for an orderly realisation of its remaining three investment properties with a view to winding up the Trust's group in due course. The accounts are therefore not prepared on a going concern basis.

## 3. Revenue

	1 January 2017 to 30 June 2017	1 January 2016 to 30 June 2016
	£'000	£'000
Rental income	258	261
Service charge income	46	322
<b>Total</b>	<b>304</b>	<b>583</b>

## 4. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	1 January 2017 to 30 June 2017	1 January 2016 to 30 June 2016
Losses after tax per statement of comprehensive income (£'000)	(6,418)	(7,178)
<b>Basic and diluted losses per share</b>	<b>(5.5)p</b>	<b>(6.1)p</b>
<b>Weighted average number of ordinary shares (000's)</b>	<b>117,627</b>	<b>117,627</b>

## Notes to the condensed financial statements (continued)

For the six months ended 30 June 2017

### 5. Investment properties held for sale

	30 June 2017	31 December 2016
	£'000	£'000
<b>Fair value of investment properties held for sale at 1 January</b>	<b>16,824</b>	<b>39,283</b>
Disposals	(6,435)	(19,891)
Movement in rent incentives/initial costs	11	(280)
Fair value adjustment in the period/year	(949)	(7,268)
Effect of foreign exchange	303	4,980
<b>Fair value of investment properties held for sale at 30 June/31 December</b>	<b>9,754</b>	<b>16,824</b>

The fair value of the Group's investment properties held for sale at 31 December 2016 had been arrived at on the basis of valuations carried out at that date by Knight Frank LLP, independent valuers not connected to the Group, with the exception of Ivry in France, which was sold on 23 May 2017 for £2.5 million (€2.9 million), that had been valued by the Directors at its selling price.

During the period, the Group sold another property in France: Champs sur Marne for £2.2 million (€2.6 million) on 30 March 2017.

The fair value of the Group's remaining three investment properties held for sale at 30 June 2017 has been arrived at on the basis of valuations carried out at that date by Knight Frank LLP. The portfolio has been valued on a fair value basis as defined by the Royal Institution of Chartered Surveyors ("RICS") Appraisal and Valuations Standards. The approved RICS definition of fair value is "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date".

No provision is made for potential disposal costs as these will be contingent upon ultimate realisation values and specific arrangements that may be agreed.

Formal marketing of the Trust's remaining properties is ongoing and the results of the marketing process to date indicate that, although there is no certainty that any transactions will take place, if they do, the prices achieved may be lower than the valuation at 30 June 2017. The Trust will provide further updates on progress in due course.

### 6. Restricted cash

The cash balance held on the cash pooling account is subject to certain restrictions; accordingly this balance has not been classified as cash and cash equivalents.

In November 2013, the Group entered into a cash pooling arrangement with Barclays Bank PLC over the Group's cash-flows from the whole property portfolio in order to provide further security to Barclays Bank PLC but which provides the Group and the Company with working capital for their operations. The resulting cash pooling account is controlled by Barclays Bank PLC and a cash release mechanism is in place whereby cash is released by Barclays Bank PLC following review of the Group's working capital requirements.

### 7. Bank borrowings

	30 June 2017	31 December 2016
	£'000	£'000
<b>Current liabilities</b>		
Interest payable	4,289	2,889
<b>Non-current liabilities</b>		
Bank borrowing	75,382	77,380
Deferred finance costs	(35)	(98)
<b>Total liabilities</b>	<b>79,636</b>	<b>80,171</b>

During the period, the Group sold two properties in France at prices totalling £4.7 million (€5.5 million) with the net proceeds from these sales enabling the repayment of bank borrowings totalling £4.3 million (€5.1 million).

During the period a further £0.9 million (€1.0 million) of debt repayment was made.

The repayment date of all borrowings is 31 October 2018.

Extension fees of 2% (per annum pro-rated) are charged on all borrowings from 10 February 2015 (original maturity date) on all extensions up to 15 April 2016: these are deferred to the maturity date and will be payable to the extent that the Group has sufficient cash funds at that time. No additional fee was charged on the latest extension to 31 October 2018. As at 30 June 2017, the Board considers it highly unlikely, based on cash flow forecasts, that there will be sufficient cash funds to settle this amount and hence this represents a contingent liability of €6.3 million (£5.5 million), which has not been recognised in these financial statements.

## Notes to the condensed financial statements (continued)

For the six months ended 30 June 2017

### 8. Share capital

The authorised share capital is unlimited. The Company has one class of shares which carry no right to fixed income. All ordinary shares have a nil par value. The number of shares in issue is 117.6 million (31 December 2016: 117.6 million).

There have been no share cancellations during the period.

### 9. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Alpha Real Capital LLP ('ARC') is the Investment Manager to the Company under the terms of the Investment Manager Agreement and is thus considered a related party of the Company.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Following the disposal of the majority of the property portfolio, the Board has agreed, in line with the consensual sales programme established with Barclays Bank PLC, a monthly fee reflecting the need for the Investment Manager to maintain adequate resources to complete the disposal of the remaining properties and winding up of the Group. This fee is separately disclosed on the face of the statement of comprehensive income. The consensual sales programme requires 30% of fees earned by the Investment Manager to be deferred and only released when sales milestones have been achieved. The outstanding balance for Investment Manager's fees as at 30 June 2017 is £563,000 (31 December 2016: £627,000).

The Directors of the Company received total fees as follows:

	Six months ended 30 June 2017	Six months ended 30 June 2016
	£	£
Dick Kingston*	-	15,000
David Jeffreys	10,000	11,500
Phillip Rose*	-	10,000
David Rowlinson*	-	10,000
Serena Tremlett	10,000	10,000
<b>Total</b>	<b>20,000</b>	<b>56,500</b>

\* resigned from the Board, effective 3 June 2016.

The Directors' interests in the shares of the Company are detailed below:

	30 June 2017	31 December 2016
	Shares held	Shares held
David Jeffreys	250,000	250,000
Serena Tremlett	121,472	121,472

The following, being partners of the Investment Manager held the following shares in the Company:

	30 June 2017	31 December 2016
	Shares held	Shares held
Rockmount Ventures Limited and ARRCO Limited**	21,437,393	21,437,393
Phillip Rose***	1,290,079	1,290,079
Bradley Bauman	544,809	544,809
Brian Frith	229,078	229,078
Karl Devon-Lowe	108,650	108,650

\*\* Rockmount Ventures Limited is the parent company of ARRCO Limited. The interest attributed to the two corporate partners represents 21,437,393 shares held by a related party, Antler. As such these companies are considered to be in a position in which they are able to exercise significant influence over the Investment Manager.

\*\*\* Phillip Rose is the CEO and a partner of the Investment Manager.

## Notes to the condensed financial statements (continued)

For the six months ended 30 June 2017

### 9. Related party transactions (continued)

Alpha Global Property Securities Fund Pte. Ltd, a wholly owned subsidiary of ARC registered in Singapore, holds 9,390,800 (31 December 2016: 9,390,800) shares in Alpha Pyrenees Trust Limited.

Paul Cable, being the Investment Manager's Fund Manager responsible for the Trust's investments, holds 84,918 (31 December 2016: 84,918) shares in Alpha Pyrenees Trust Limited.

Serena Tremlett is the Managing Director of Estera Administration (Guernsey) Limited ('EAGL'), the Company's administrator and secretary. EAGL was formerly Morgan Sharpe Administration Limited, which was purchased by Estera on 28 April 2017. Serena is a minority shareholder of EAGL's parent company. During the period the Company paid Estera fees of £25,500 (30 June 2016: £40,500).

### 10. Events after the balance sheet date

There were no significant events after the balance sheet date.

## Directors and Trust information

### Directors

Serena Tremlett (Chairman)  
David Jeffreys

### Registered office

Old Bank Chambers  
La Grande Rue  
St Martin's  
Guernsey GY4 6RT

### Investment Manager

Alpha Real Capital LLP  
Level 6, 338 Euston Road  
London NW1 3BG

### Administrator and secretary

Estera Administration (Guernsey) Limited  
(formerly Morgan Sharpe Administration Limited)  
Old Bank Chambers  
La Grande Rue  
St Martin's  
Guernsey GY4 6RT

### Independent valuers

Knight Frank LLP  
55 Baker Street  
London W1U 8AN

### Independent auditor

BDO Limited  
Place du Pré  
Rue du Pré  
St Peter Port  
Guernsey GY1 3LL

### Tax advisors

BDO LLP  
55 Baker Street  
London W1U 7EU  
  
Deloitte LLP  
Hill House  
1 Little New Street  
London EC4A 3TR

### Legal advisors in Guernsey

Carey Olsen  
PO Box 98  
Carey House  
Les Banques  
St Peter Port  
Guernsey GY1 4BZ

### Legal advisors in the UK

Norton Rose  
3 More London Riverside  
London SE1 2AQ

### Registrar

Computershare Investor Services  
(Jersey) Limited  
Queensway House  
Hilgrove Street  
St Helier  
Jersey JE1 1ES

## Shareholder information

### Share price

The Company's Ordinary Shares are listed on the London Stock Exchange.

### Change of address

Communications with shareholders are mailed to the addresses held on the share register. In the event of a change of address or other amendment, please notify the Company's Registrar under the signature of the registered holder.

### Investment Manager

The Company is advised by Alpha Real Capital LLP which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

## Financial calendar

Financial reporting	Reporting/Meeting dates
Half year report	18 August 2017
Trading update statement (Q3)	10 November 2017
Annual report and accounts announcement	9 March 2018
Annual report published	29 March 2018
Annual General Meeting	27 April 2018

Alpha Pyrenees Trust